

Revised on 3/31/16 based on amendments adopted through 3/30/16.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2016-17		FY 2017-18	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS			\$8,578,526	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			\$8,578,526	

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 959 changes the formula which provides state aid to schools pursuant to the Tax Equity and Educational Opportunities Support Act (TEEOSA). The fiscal estimate for FY2017-18 is based upon a comparison of the estimated aid that will be distributed in FY2016-17 per current law and the aid that will be allocated per LB 959. The provisions of the bill take effect for state aid distributed beginning in FY2017-18. LB 959 also changes provisions related to certain bonded projects of school districts.

CHANGE TO NEEDS IN THE TEEOSA FORMULA: The bill changes a component used to calculate school district needs in the state aid formula.

Averaging Adjustment: The levy criteria used in the averaging adjustment in the formula are eliminated beginning in FY2017-18. The averaging adjustment increases need for districts with 900 or more formula students whose basic funding per student is less than an averaging adjustment threshold. Elimination of the averaging adjustment levy criteria affects the aid of three districts and results in an estimated increase in state aid of \$324,569 in FY18.

CHANGE TO RESOURCES IN THE TEEOSA FORMULA: LB 959 also eliminates an adjustment used to compute resources in the state aid formula.

Minimum Levy Adjustment: The minimum levy adjustment is eliminated in FY18. The adjustment reduces aid for any school with a general fund levy that is less than \$.95. The elimination of the adjustment increases state aid by an estimated \$8,253,957 in FY2017-18.

PROPERTY TAX LEVIES FOR BONDED PROJECTS: The bill repeals current provisions allowing school districts to issue bonds referred to as Qualified Purpose Undertaking Fund bonds for certain capital projects as specified in law. Schools are currently allowed to levy up to five and one fifth cents for these projects. Projects that are currently funded with these bonds are not impacted by the bill.

The bill repeals current provisions regarding the issuance of bonds for these projects and provides authorization for districts to levy an additional property tax for a specific abatement project to address an actual or potential environmental hazard, accessibility barrier, life safety code or hazard, or mold. The property tax levy shall not exceed ten years and when combined with other levies, for projects from prior years, shall not exceed three cents. The bill provides exceptions for districts to exceed the \$.03 levy in certain instances.

It is possible the decrease in levy authority for abatement projects may result in decreased property taxes in the future for bonded projects. However, no fiscal impact can be projected.

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2016

LB⁽¹⁾ 959 AM 2622

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Department of Education

Prepared by: ⁽³⁾ Bryce Wilson

Date Prepared: ⁽⁴⁾ 3/18/16

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ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2016-17</u>		<u>FY 2017-18</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	\$8,300,000	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	\$8,300,000	=====

Explanation of Estimate:

AM 2622 changes LB 959 to affect TEEOSA in two ways. First, the minimum levy adjustment is eliminated which results in additional equalization aid to a few districts as well as allows non-equalized districts with levy's below \$.95 to receive their portion of the income tax rebate. Second, the averaging adjustment levy requirements are removed which results in 4 districts receiving additional averaging adjustment allocation. The combination of the two changes results in \$8.3 million of additional TEEOSA aid.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17</u>	<u>2017-18</u>
	<u>16-17</u>	<u>17-18</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	\$8,300,000
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	=====	=====	=====	\$8,300,000